

Customer Services, Europe
The Open Systems Support
Challenge

1 April 1993

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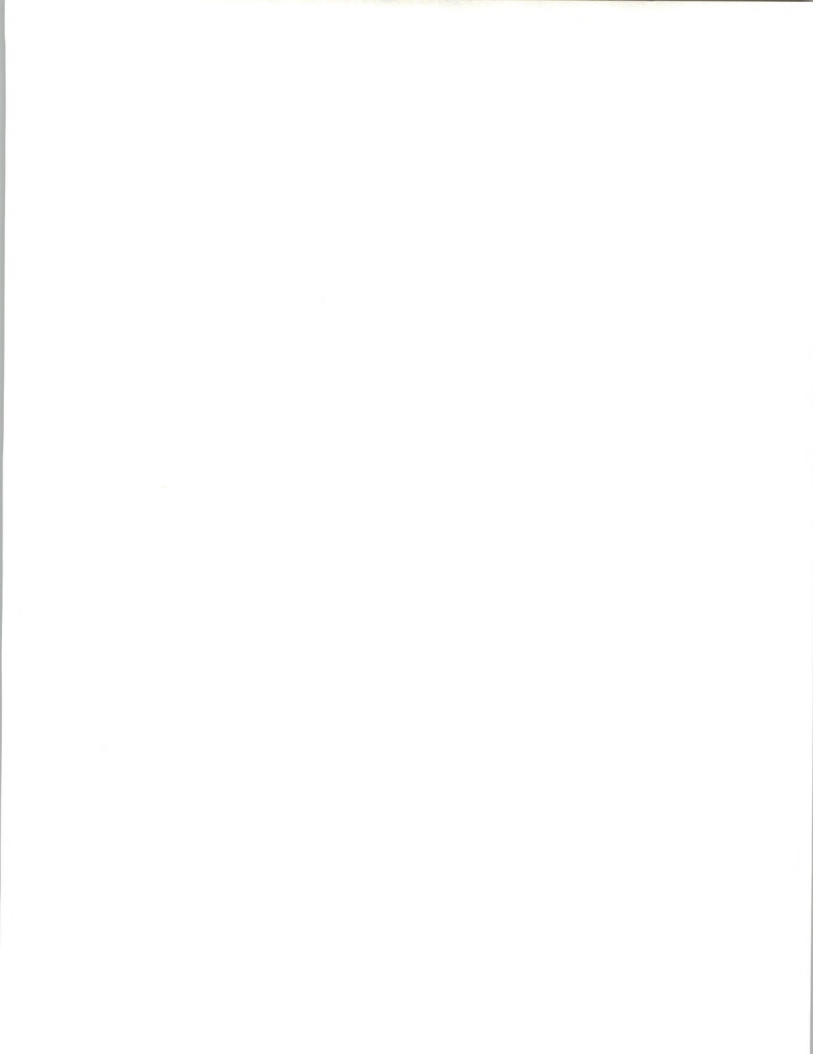
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Researched by
INPUT
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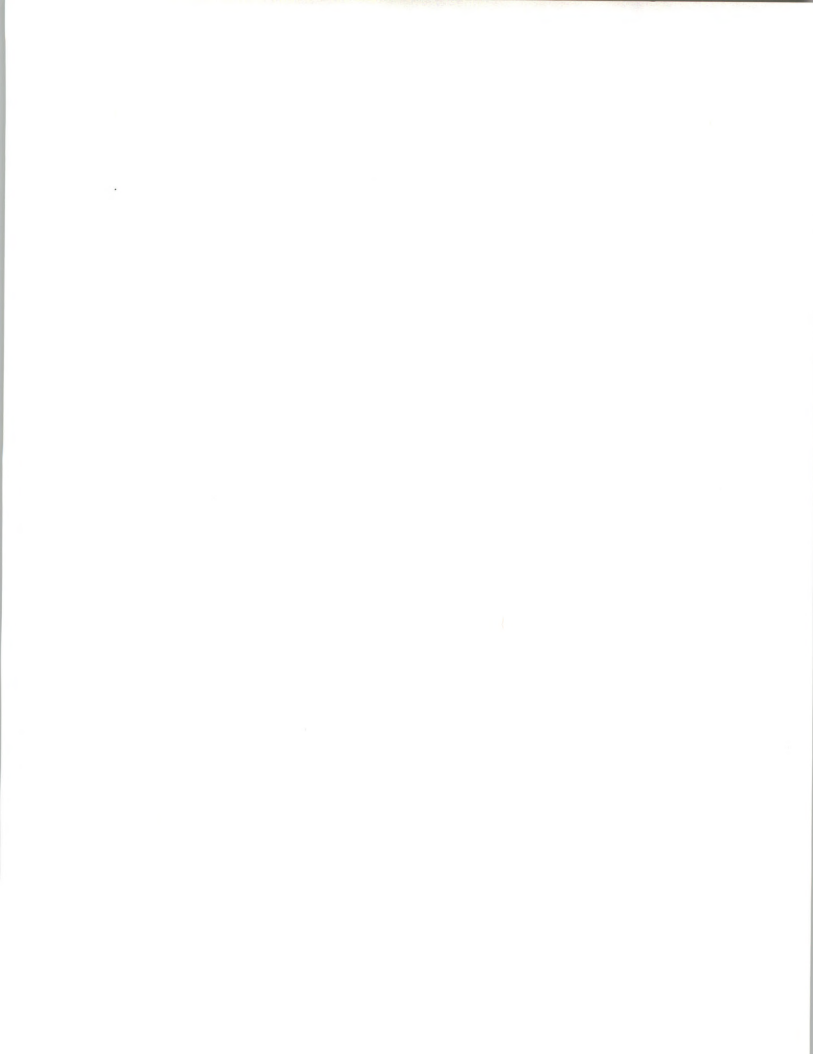
Customer Services, Europe
The Open Systems Support Challenge

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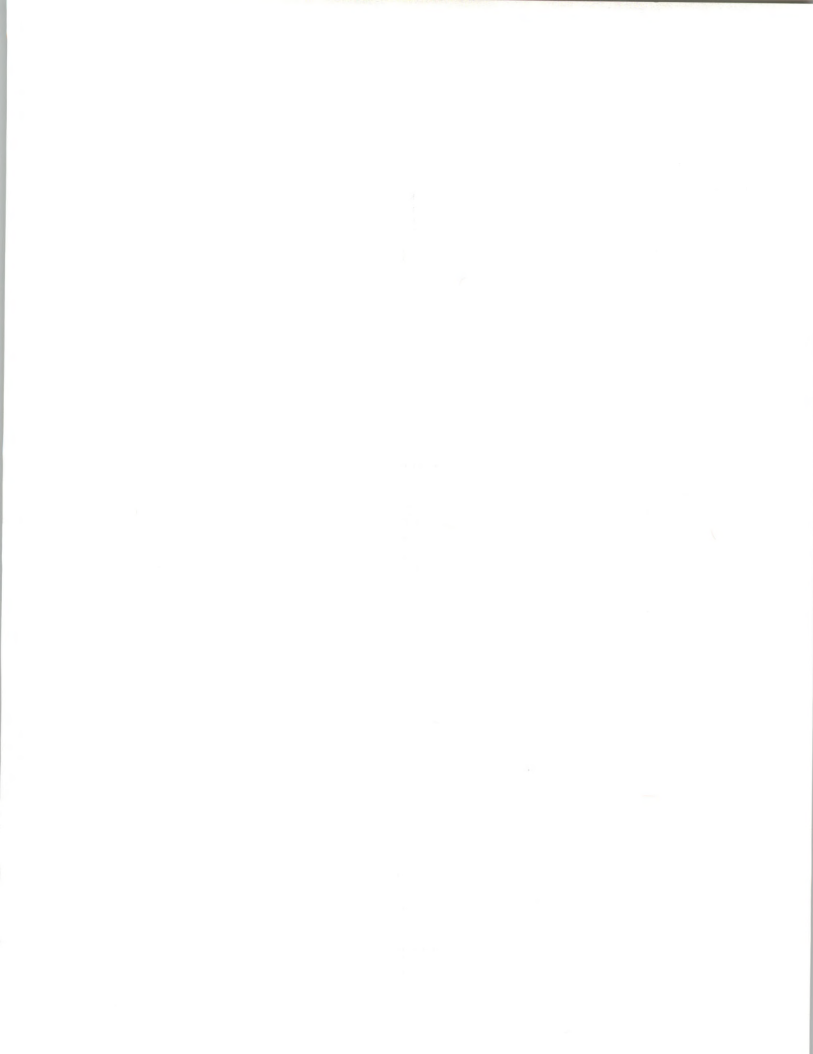
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Customer Services, Europe The Open Systems Support Challenge

Michael Longy
Principal Consultant



Restructuring for Growth

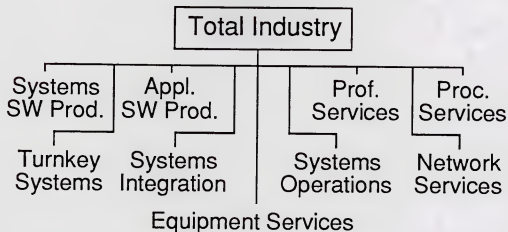
- Customer services in Germany and German-speaking countries
- Desktop services
- Multivendor service
- Services strategies

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Notes

Information Services Industry Structure



IS-2

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Notes



Restructuring for Growth

Customer Services—I

- Hardware maintenance
- System software support
- Professional services
- Education and training

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Notes



Restructuring for Growth

Presentation of Market Analyses

- Unique
- Non-unique
- All other services
- No software products

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Notes



Restructuring for Growth

Customer Services—IIA

- Equipment services
 - Hardware maintenance
 - Environmental services
- Unique sectors

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Notes



Restructuring for Growth

Customer Services—IIB

- System software support
- Education and training
- (Other) professional services
- Business continuity services
- Not unique

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Hardware Maintenance

- Includes
 - Contract
 - Ad hoc
 - Warranty
- On-site or workshop repair
- Excludes 4th party

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Hardware Maintenance Model

- 4 layers
 - Mainframe
 - Mid-range
 - Workstation and server
 - PC
- Volume and value attrition
- Fee rates

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Notes



Environmental Services

- Affect “environment”
- Computer room
- Cabling
- Power, air conditioning, etc.
- Network
- Buildings

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Notes



System Software Support

- Contract and ad-hoc
 - Installation, updates, etc.
- Associated activities
 - Problem analysis
 - Software diagnostics
 - Capacity tuning

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Notes



Education and Training

- Platform or network
- Operations
- User service
- Equipment suppliers

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Notes



Professional Services

- Consultancy
- Network administration
- System software evaluation
- Problems management
- Project management
- Configuration/capacity planning

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Notes



Business Continuity Services

- Contingency planning
- Disaster recovery
- Back-up for media
- Restart services

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Notes



Revenue Streams

- Customer services
 - Equipment vendors
 - Independent maintenance
 - Resellers/VARs
- Independent software and services vendors
- Non-industry vendors

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Notes



Non-Available Market

- Bundled
- User self-service
- Increasingly available

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Notes



Germany

Growth Over 1991

- 3% overall
- Ranging from -1% to +9% by sector
- Professional services best
- Hardware service worst

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Notes



Germany

Growth 1992 to 1997—I

Category	DM Billion		
	1992	1997	CAGR (%)
Hardware	4.8	5.1	1
Maintenance			
Environmental	2.3	2.9	5
Services			

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Notes



Germany

Growth 1992 to 1997—II

Category	DM Billion		
	1992	1997	CAGR (%)
System SW Support	0.6	0.8	7
Educ. and Training	0.4	0.5	3
Professional Servs.	0.2	0.3	9
Business Continuity	0.1	0.2	13

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Notes



Germany

Growth 1992 to 1997—III

Category	DM Billion		
	1992	1997	CAGR (%)
Unique Services	7.1	7.9	2
Non-Unique Services	1.3	1.7	6
Total	8.3	9.7	3
Other Services	1.0	1.4	6

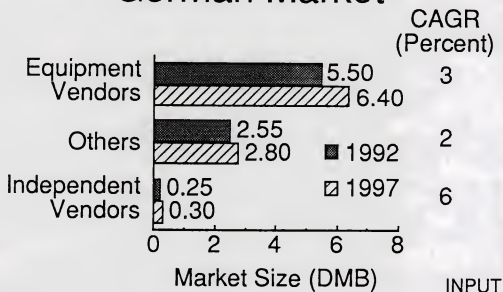
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Notes



German Market



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Notes



Germany

Trends 1992

- Maintenance decline slow
- Downsizing
- Total service contracts
- Partnering/outourcing
- Traditional competition

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Notes



Germany

Leading Suppliers (1991)

Vendor	Share (%)
SNI	16
IBM	15
Digital	8
AT&T/NCR	4
Prime CV	2

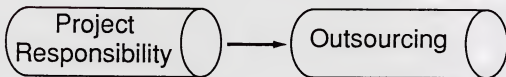
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Notes



Information Systems Market Scenario



Service Products

Products

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Notes



Switzerland

Growth Over 1991

- 2% overall
- Ranging from -3% to +20% by sector
- Business continuity best
- Education and training worst

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Notes



Switzerland

Growth 1992 to 1997—I

Category	SFr Billion		
	1992	1997	CAGR (%)
Hardware	0.8	0.9	2
Maintenance			
Environmental Services	0.5	0.6	3

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Notes



Switzerland

Growth 1992 to 1997—II

Category	SFr Million		
	1992	1997	CAGR (%)
System SW Support	90	140	9
Educ. and Training	85	100	3
Professional Servs.	50	65	5
Business Continuity	10	30	18

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Notes



Switzerland

Growth 1992 to 1997—III

Category	SFr Million		
	1992	1997	CAGR (%)
Unique Services	1.3	1.5	2
Non-Unique Services	0.2	0.3	7
Total	1.5	1.8	3
Other Services	0.2	0.3	8

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Notes



Switzerland

Leading Suppliers (1991)

Vendor	Share (%)
Digital	12
AT&T/NCR	12
IBM	10
Unisys	8
SNI	5

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Notes



Austria

Growth Over 1991

- 3% overall
- Ranging from -6% to +14% by sector
- Business continuity best
- Education and training worst

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Notes



Austria

Growth 1992 to 1997—I

Category	Sch Billion		
	1992	1997	CAGR (%)
Hardware	3.1	3.3	2
Maintenance			
Environmental	1.5	1.9	4
Services			

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Notes



Austria

Growth 1992 to 1997—II

Category	Sch Million		
	1992	1997	CAGR (%)
System SW Support	390	560	8
Educ. and Training	240	270	3
Professional Servs.	110	170	9
Business Continuity	40	100	20

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Notes



Austria

Growth 1992 to 1997—III

Category	Sch Billion		
	1992	1997	CAGR (%)
Unique Services	4.6	5.2	3
Non-Unique Services	0.8	1.1	7
Total	5.4	6.3	3
Other Services	0.6	0.8	6

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Notes



Austria

Leading Suppliers (1991)

Vendor	Share (%)
Digital	20
IBM	17
SNI	12
Unisys	3
H-P	3

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Notes



Desktop Services

- One solution
- Open window
- Range of approaches

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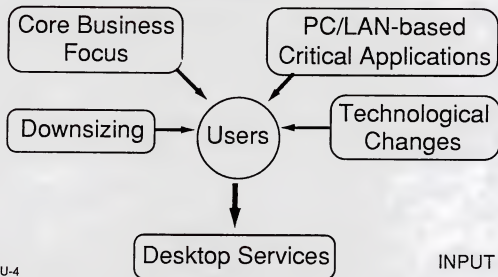
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Notes



Desktop Services, Europe

Driving Forces



Notes



Traditional Desktop

- PC supply
- Network/server
- PC/printer maintenance
- Installation
- Training

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Notes



New Services

- ASP supply/support
- Help desk selection/supply
- Problems management
- Planning/administration
- Network upgrades
- Application development

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Notes



Selection Criteria

- Network expertise
- Single supplier
- Up-to-date
- Independence
- Pan-European

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Notes



Desktop Services, Europe

The Decision Process

Size of Organization	In-House Capability Level	Source of decision to outsource
Large organizations	High	Senior executives
Medium-sized organizations	Low	IS management

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Notes



Desktop Services, Europe

Pricing Mechanisms

- Cost of on-site support plus mark-up
- Monthly usage of remote help desk
- Volume discounts

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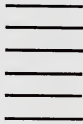
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Approaches

Standalone



1.

Outsourcing



2.

Solution

3.

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Notes



Desktop Services, Europe

Professional Services Vendors

Strengths	Weaknesses
• Networking capability • Synergy with systems operations • Access to large accts.	- Lack of supply cap. - Lack of depth and breadth of software product knowledge - Lack of ambition

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Notes



Desktop Services, Europe

Strategies: Professional Services Vendors

- Only targeting desktop services as part of wider offering
- Concentrating on network implementation and management

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Notes



Desktop Services, Europe

Dealer/Distributor Strategies

- Develop pan-European capability
- One-stop shopping
- Partnerships for proprietary capability
- Major opportunity to enter high-margin services business
- Targeting system development

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Notes



Desktop Services, Europe

Personal Computer Dealers

Strengths	Weaknesses
• Full desktop services capability • Breadth and depth of product knowledge • Vendor independence	- Lack of mainframe and midrange capability - Pan-European capabilities still embryonic

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Notes



Equipment Suppliers

Strengths	Weaknesses
• Expertise • Large IBs • Financial • CS organisation	- Product oriented - Resources - Channel contention - Slow to change - Not impartial

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Notes



IMOs

Strengths

- PC expertise
- Incentive
- Independent

Weaknesses

- Financial
- Software skills
- Maintenance cultures

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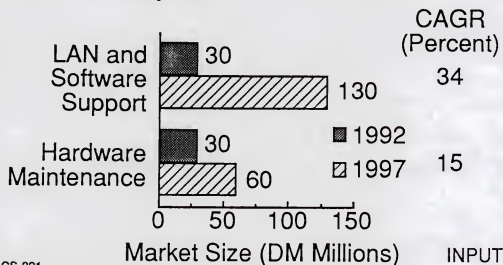
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Germany

Desktop Services Market



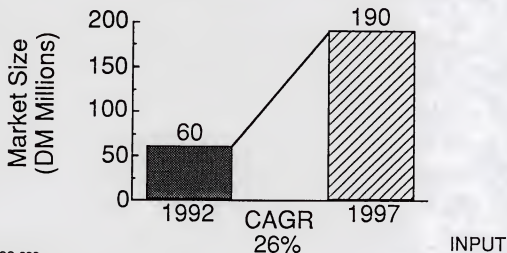
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Germany

Desktop (+Maintenance)



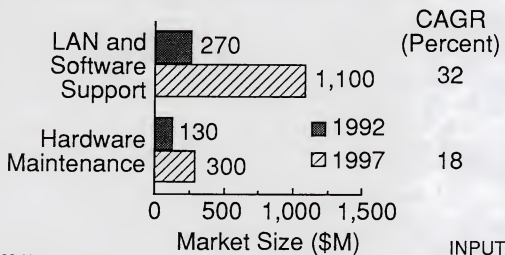
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Europe

Desktop Services Market

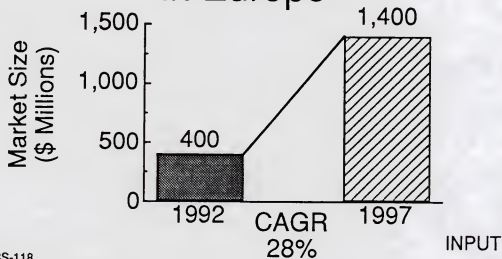


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Desktop (+Maintenance) in Europe



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Notes



Multivendor Maintenance Market Europe

The German-speaking Nations

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Notes



Multivendor Maintenance

Redefinition of Multivendor

- TPM → Independent maintenance
- IM absorbed entirely
- Participants
 - IMOs
 - Equipment/system vendors
 - Dealers/distributors/VARs

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Notes



Trends 1992—Germany

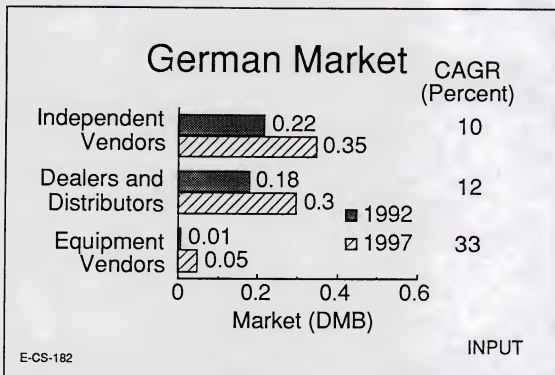
- IMO—traditional vs. diversify
- Downsizing
- Dealers strengthen
- Partnering

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Notes





Notes



Germany—Multivendor Maint.

Platform Category	DM Million			
	1991	1992	1997	CAGR (%)
Mainframe	40	40	55	+7
Mid-range	90	90	120	+6
Workstn./Servers	25	35	175	+39
PCs, Portables, LANs	225	245	350	+7
Total	375	410	700	+11

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Notes



Independent Suppliers 1991—Germany

Vendor	Share (%)
Sorbus	9
Granada	8
Thomainfor	5
Telub Bitronic	4
Areatech	2

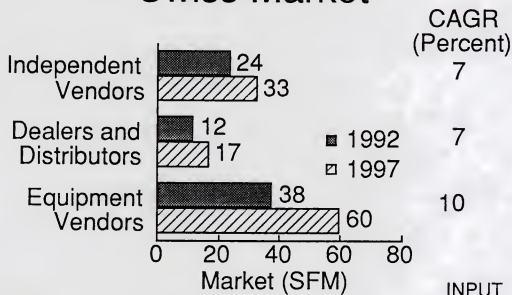
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Swiss Market

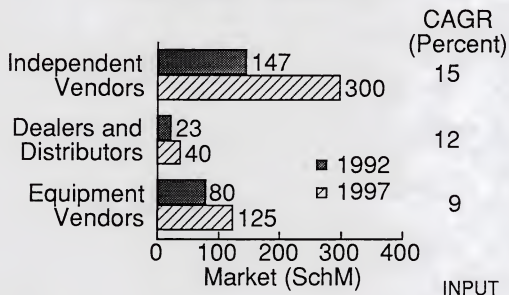


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Notes



Austrian Market

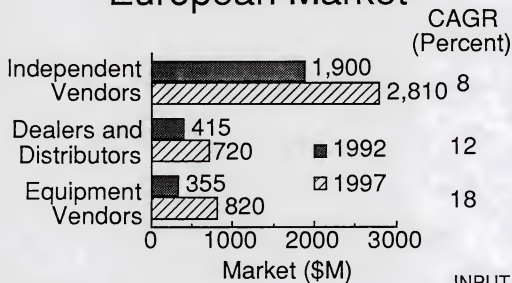


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Notes



European Market



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Notes



Multivendor Maintenance—Europe

Strategy Development

- Reorient perspective
- Transition opportunities
- Strategic options, e.g.
 - Prime contractor
 - Services vendor
 - Subcontract/FPM

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Notes



Multivendor Maintenance—Europe

Country Markets—I

Country	\$ Millions		
	1992	1997	CAGR (%)
France	500	680	6
Germany	270	460	11
U.K.	830	1,200	8
Italy	240	390	10

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Notes



Multivendor Maintenance—Europe

Country Markets—II

Country	1992 (\$M)	1997 (\$M)	CAGR (%)
Sweden	80	105	6
Netherlands	180	320	12
Belgium	90	145	12
Spain	190	505	22

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Notes



Multivendor Maintenance—Europe

Country Markets—III

Country	1992 (\$M)	1997 (\$M)	CAGR (%)
Denmark	22	35	10
Norway	26	43	10
Finland	23	34	8
Austria	24	44	13

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Notes



Multivendor Maintenance—Europe

Country Markets—IV

Country	1992 (\$M)	1997 (\$M)	CAGR (%)
Switzerland	55	81	8
Portugal	8	22	23
Greece	8	20	19
Ireland	8	14	10
E. Europe	120	250	16

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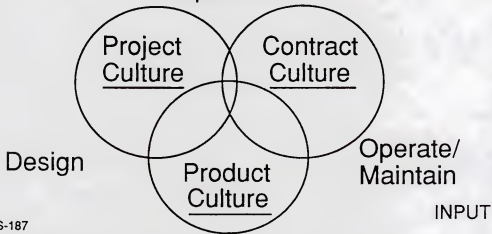
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Business Cultures in the Life Cycle

Implement



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- 9 Categories of Software and Services
- 7 Cross-Industry Markets
- The Worldwide Market (30 countries)

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- Downsizing (vendor and user)
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INPUT WORLDWIDE

London — 17 Hill Street

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Paris — 24, avenue du Recteur Poincaré

75016 Paris, France

Tel. +1 46 47 65 65 Fax +1 46 47 69 50

Frankfurt — Sudetenstrasse 9

W-6306 Langgöns-Niederkleen, Germany

Tel. +6447-7229 Fax +6447-7327

San Francisco — 1280 Villa Street

Mountain View, CA 94041-1194

Tel. (415) 961-3300 Fax (415) 961-3966

New York — 400 Frank W. Burr Blvd.

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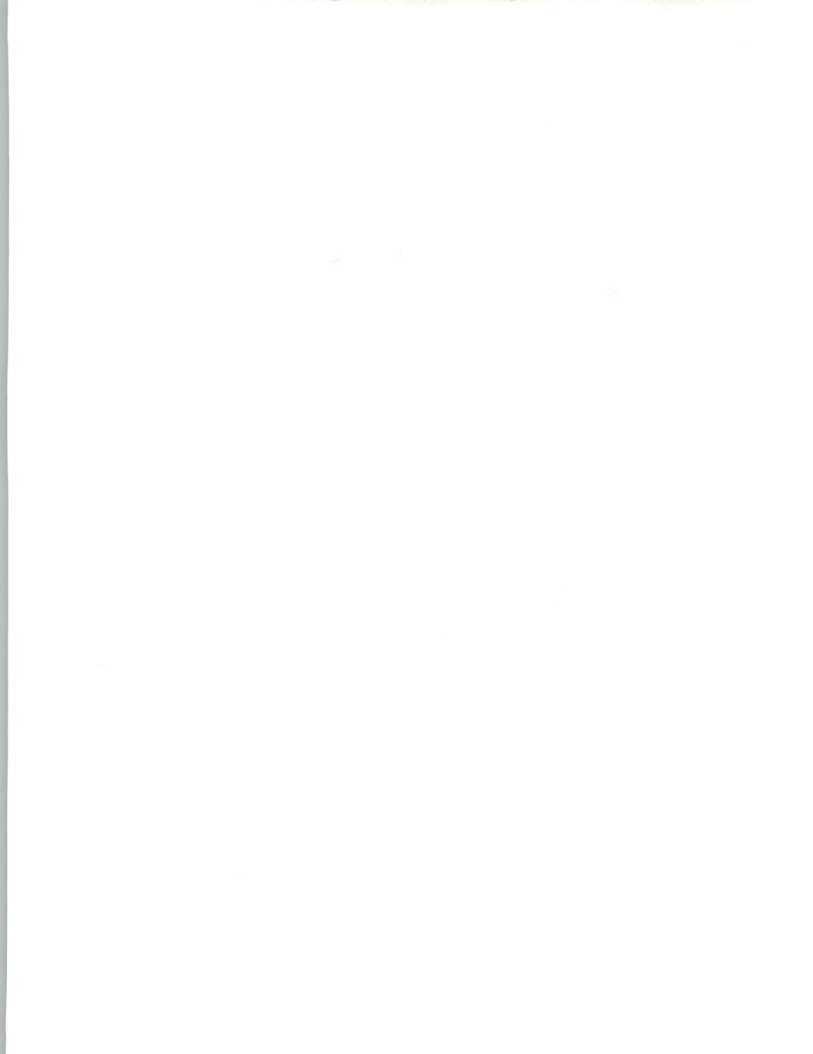
Tel. (703) 847-6870 Fax (703) 847-6872

Tokyo — Saida Building, 4-6

Kanda Sakuma-cho, Chiyoda-ku

Tokyo 101, Japan

Tel. +3 3864-0531 Fax +3 3864-4114



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Principal Consultant

